2000

TWO THOUSAND ANNUAL REPORT

Intertape Polymer Group Inc.

intertape polymer group™

IPG Corporate Profile

Intertape Polymer Group Inc. (IPG) is a recognized leader in the development and manufacture of specialized polyolefin plastic & paper packaging products and complementary packaging systems. Headquartered in Montreal, Quebec, the Company has strategically grown to support operations in 26 locations including 20 manufacturing facilities, with approximately 2,700 employees.

IPG's advanced manufacturing technologies offer the flexibility to produce a wide range of products that reflect the needs of our customers. Products sold through IPG distributors include Intertape® brand hot-melt, acrylic and natural rubber pressure-sensitive carton sealing tapes, water-activated carton sealing tape, masking tape, cloth duct tape, HVAC tape, electrical/electronic tape, automotive high-performance and a variety of specialty tapes. Other products include Exlfilm® brand shrink film; StretchFlex® brand stretch wrap; Interpack® brand packaging equipment, carton sealers, case erectors, shrink packaging, ink jet printers and labeling systems. Examples of products sold directly to end users include a wide range of Nova™ brand woven polyolefin fabrics and Intertape® brand flexible intermediate bulk containers (FIBC).

Since its inception in 1981, IPG has become a major presence in North America by focusing on large niche markets, continuing its momentum of successful rapid growth and remaining a low cost producer. With this strategy, IPGs' competitively priced products are sold to both a broad range of industrial / specialty distributors, retail stores and large end-users in diverse industries. These industries include the aeronautical, agricultural, automotive, beverage, chemical, construction, food, forest, geotextile, mining, pharmaceutical, paper, recreational, retail, sports and transportation industries.

The Company's financial strength establishes the foundation for continued organic growth, acquisitions and new product development. These combine to form the basis for continued expansion in both current and new markets.

Intertape Polymer Group Inc. is a publicly traded company with its common shares listed on the New York Stock Exchange and The Toronto Stock Exchange under the Stock Symbol "ITP".

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Safe Harbor Statement

The business, financial condition, results of operations, cash flows and prospects, and the prevailing market price and performance of the Company's common stock, may be adversely affected by a number of factors, including the matters discussed below. Certain statements and information set forth in this Annual Report as well as other written or oral statements made from time to time by the Company or by our authorized executive officers on our behalf, constitute "forward-looking statements" within the meaning of the United States Federal Private Securities Litigation Reform Act of 1995. The Company intends for its forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the United States Federal Private Securities Litigation Reform Act of 1995, and it sets forth this statement and these risk factors in order to comply with such safe harbor provisions. The reader should note that the Company's forward-looking statements speak only as of the date of this Annual Report or when made and IPG undertakes no duty or obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise. Although Management believes that the expectations, plans, intentions and projections reflected in its forward-looking statements are reasonable, such statements are subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The risk, uncertainties and other factors that IPG's stockholders and prospective investors should consider include, but are not limited to, the following: the packaging industry is cyclical and is sensitive to changing economic conditions; the Company is in the midst of an industry and general economic slowdown that could materially adversely impact the Company's business; risks associated with pricing, volume and continued strength of markets where the Company's products are sold; the Company's ability to successfully integrate the operations and information systems of acquired companies with its existing operations, and information system, including risks and uncertainties relating to its ability to achieve projected earnings estimates, achieve administrative and operating cost savings and anticipated synergies; and the effect of competition on the Company's ability to maintain margins on existing or acquired operations.

This data should be read in conjunction with the Consolidated Financial Statements of the Company and the Notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations.

(In thousands of U.S. dollars except per share data, selected ratios and trading volume information.)

YEARS ENDED DECEMBER 31,	2000	1999	1998
RESULTS FROM OPERATIONS	$	$	$
Consolidated sales	**653,915**	569,947	378,030
Net earnings (Cdn GAAP)	**33,422**	8,098	28,751
Net earnings (U.S. GAAP)	**33,422**	8,098	28,751
Cash from operations before funding of changes in non-cash working capital items	**57,932**	36,130	57,922
PER COMMON SHARE			
Net earnings (Cdn GAAP)	**1.18**	0.29	1.14
Net earnings (U.S. GAAP)	**1.18**	0.29	1.14
Cash from operations before funding of changes in non-cash working capital items	**2.05**	1.31	2.31
Book value after restructuring charges (Cdn GAAP)	**10.98**	9.97	7.71
Book value after restructuring charges (U.S. GAAP)	**10.98**	9.97	7.71
FINANCIAL POSITION			
Working capital	**8,718**	68,937	(11,313)
Total assets (Cdn GAAP)	**845,040**	815,006	622,152
Total assets (U.S. GAAP)	**845,040**	815,006	622,152
Total debt	**286,216**	338,094	211,844
Shareholders' equity (Cdn GAAP)	**309,642**	282,003	194,249
Shareholders' equity (U.S. GAAP)	**309,642**	282,003	194,249

YEARS ENDED DECEMBER 31,	2000	1999	1998
SELECTED RATIOS			
Working Capital	**1.04**	1.48	0.94
Debt/Capital Employed (Cdn GAAP)	**0.48**	0.55	0.52
Debt/Capital Employed (U.S. GAAP)	**0.48**	0.55	0.52
Return on equity (Cdn GAAP)	**10.8%**	2.9%	14.8%
Return on equity (U.S. GAAP)	**10.8%**	2.9%	14.8%
STOCK INFORMATION			
Weighted average shares o/s (Cdn GAAP) ‡	**28,328**	27,679	25,124
Weighted average shares o/s (U.S. GAAP) ‡	**28,328**	27,679	25,124
Toronto Stock Exchange:			
Market price at year end	**$ 11.00**	$ 40.80	$ 39.00
High: 52 weeks	**$ 41.00**	$ 46.30	$ 39.00
Low: 52 weeks	**$ 11.00**	$ 35.50	$ 25.75
Volume: 52 weeks ‡	**14,053**	10,611	9,361
New York Stock Exchange:			
Market price at year end in U.S. $	**$ 7.31**	$ 28.19	$ 25.50
High: 52 weeks in U.S. $	**$ 28.19**	$ 30.94	$ 25.50
Low: 52 weeks in U.S. $	**$ 7.19**	$ 24.06	$ 16.25
Volume: 52 weeks ‡	**4,929**	1,264	1,381

‡ In thousands

2000 SHARE TRADING DATA
Symbol: ITP

Toronto Stock Exchange

	High	Low	Close	ADV*
	Canadian $			#
1st Quarter	$41.00	$15.20	$16.30	61,637
2nd Quarter	$28.30	$15.80	$25.75	47,165
3rd Quarter	$27.00	$20.00	$20.00	41,873
4th Quarter	$22.00	$11.00	$11.00	73,234

New York Stock Exchange

	High	Low	Close	ADV*
	U.S. $			#
1st Quarter**	$28.19	$10.63	$11.38	23,315
2nd Quarter**	$19.00	$10.81	$17.26	14,551
3rd Quarter**	$18.00	$13.56	$13.56	12,463
4th Quarter**	$14.75	$7.19	$7.31	28,283

Average Daily Volume	Total
1st Quarter	84,952
2nd Quarter	61,716
3rd Quarter	54,336
4th Quarter	101,517

* *Average Daily Volume*

** *Prior to August 16, 1999 stock was traded on the American Stock Exchange (AMEX).*

Dear Shareholders,

During the first nine months, the Company focused on the integration issues that surfaced at the end of 1999. Our priority was to validate and correct our systems. This was completed during the third quarter of 2000 and the results have put us in a position of confidence with respect to asset valuation and the ability to successfully communicate with and service our customers. As a result, the Company is returning to what it does best, expanding revenues and increasing bottom line.

Now we can focus on our customers and implement our strategy to provide them with unique value-added programs to reduce their transaction costs as well as improve their cash flow. In doing so, we must first regain the trust of our customers and with that, we will quickly regain revenues lost during 2000. We are already seeing results during the first quarter of 2001 with 90% plus "on-time deliveries" as opposed to 40% in 2000; a dramatic improvement which we expect to continue throughout the year.

The Company has moved ahead with providing efficiencies in the supply chain. During the latter part of the year, our B2B and EDI capabilities were perfected and tested in the market. Transaction costs for both IPG and our customers, will be significantly reduced by using these tools and we expect that most of our clients will rapidly embrace this new technology. Five Regional Distribution Centers (RDCs) will swing into full operation by June 2001. These centers are designed to at least double our customers' inventory turns of IPG products. This is a value-added feature that no one in our industry can match. We of course will benefit from lower logistics costs as well as an anticipated surge in volume.

Along with these improvements, the Company has concentrated on the development of new distribution channels for its new as well as existing products. In support of these efforts, the assets of United Tape Company (United) were acquired in late August. United services the $500 million plus retail market and will provide substantial growth for us in the oncoming years. We have also started to leverage our manufacturing and product development expertise into the Electronic, Aerospace, HVAC and other OEM markets; all new avenues to create growth. With all of these elements in place, the sales force has returned to its traditional aggressive mode.

Our existing markets are continuing to grow, and I cannot help but be excited with our new product developments. We have an extremely strong product line, which has been augmented by these new and proprietary products that touch virtually all areas of the economy. This diversity by its nature will allow the Company to provide double-digit growth in relatively small bites... a very powerful advantage.

There are numerous examples of these new products in all areas of our business. Some of the most notable for 2000: are Exlfilmplus™ LTG shrink film, which revolutionized the use of light gauge shrink film; patent-pending Pallet-Free™ FIBCs which now provide a replacement for expensive corrugated bulk boxes; and patent-pending Nova-Stat™ static dissipative fabric which is used in FIBCs and other applications where there is a risk of explosion due to static discharge. Additionally, we introduced PG-511 a NEW paper masking tape combines the high performance of natural rubber adhesive with a value price.

The tools to manage our business are now in place. Performance in all areas can be measured and acted on. Our focus is now growth. We will continue to realize the potential of new markets, introduce innovative products, expand and improve both manufacturing and distribution, and develop stronger customer relationships... all avenues for continued growth.

Finally, the employees in every sector of our business met the challenges presented to them during the year and their dedication enabled us to quickly correct the deficiencies that hindered IPG during the integration of our acquisitions and systems. My thanks to them.

Melbourne F. Yull
Chairman & Chief Executive Officer
May 19, 2001

OVERVIEW

1999

On March 28, 2000, the fourth quarter and annual financial results for 1999 were released and detailed that 1999 earnings had been negatively impacted by issues related to the total integration of the new enterprise-wide resource planning system, the reorganization of customer service, and issues related to integration, transition and non-recurring charges. During 1999, the Company consolidated four separate non-year 2000 (Y2K) compliant legacy systems inherited with the acquisitions of Tape, Inc., American Tape Co. (ATC or American Tape), Anchor Continental, Inc. (Anchor) and Rexford Paper Company (Rexford), as well as an older in-house system. This complex systems integration contributed to significant inaccuracies in unit-of-measure and pricing history files, order fulfillment and tracking routines. The reorganization of customer service was completed during the fourth quarter of 1999, and should have been positive for the Company's customers as procedures were installed to facilitate a "one order for all products" process. However, complications with the new phone systems combined with the aforementioned Management Information Systems (MIS) issues, caused order placement obstacles for customers resulting in a slow-down in orders during December of 1999 which impacted results for 1999 and 2000. Unit-of-measure and pricing inaccuracies resulted in improper inventory valuations and levels.

Furthermore, the Company also detailed the effect on 1999 earnings of higher than anticipated costs which were incurred due to extended lead times to acquire equipment to automate and reduce waste in certain operations. The costs of rationalizing plants, products and brands were higher than expected due to manufacturing process changes and increased R&D expenditures. Finally, the acquisition of Central Products Company (CPC or Central Products) postponed the Company's fourth quarter 1999 plans to eliminate duplicate warehouses until a full assessment of plant rationalization and markets was completed. These factors resulted in an unusual charge against cost of sales.

An evaluation was carried out to assess the value of the account receivables and inventories due to the effect of both pricing and unit-of-measure issues. This resulted in an increase in the reserve for doubtful accounts and inventory. In addition, during the last three fiscal years, IPG had actively pursued and acquired suitable companies in line with its strategy to maintain a leading position in the packaging industry. The costs related to certain acquisitions that had been previously pursued and abandoned during the fourth quarter; as well as the finalization of the costs incurred to relocate key Management to IPG's corporate office in Sarasota, Florida resulted in a non-recurring charge.

2000

During the third quarter of 2000, the last of the problems set forth above that impacted 1999 earnings were overcome. During the fourth quarter of 2000 a review was conducted of receivable and inventory balances and a further charge to earnings of $9.5 million was recorded. Management believes that the identified problems related to both integration and systems difficulties have been resolved and that these charges reflect the financial impact of these issues. The Company recently integrated the operations of Spinnaker Electrical Tape Company (SETco) and Central Products and does not anticipate significant further difficulties with respect to systems integration.

At various sections of the following, the discussion takes into account the 1999 and 2000 non-recurring charges. These sections have been clearly noted as including non-recurring charges.

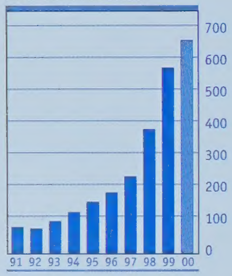
Consolidated Quarterly Statements of Earnings

(In thousands of U.S. dollars, except per share amounts)

	1ST QUARTER		2ND QUARTER		3RD QUARTER		4TH QUARTER	
	2000	1999	**2000**	1999	**2000**	1999	**2000**	1999
	$	$	**$**	$	**$**	$	**$**	$
SALES	**169,358**	121,471	**167,231**	133,234	**166,356**	161,470	**150,970**	153,772
Cost of sales	**131,117**	86,593	**126,513**	96,711	**121,612**	118,893	**121,305**	143,125
GROSS PROFIT	***38,241***	*34,878*	***40,718***	*36,523*	***44,744***	*42,577*	***29,665***	*10,647*
Selling, general and administrative expenses	**20,032**	16,098	**17,891**	15,959	**21,306**	19,918	**23,863**	33,355
Amortization of goodwill	**1,550**	1,224	**1,522**	1,256	**1,663**	1,436	**1,805**	1,535
Research and development	**1,325**	813	**1,409**	766	**1,073**	1,003	**1,302**	1,319
Financial expenses	**5,995**	5,249	**6,652**	4,901	**7,345**	5,806	**7,213**	6,193
Gain on sale of interest in joint venture	**(5,500)**	—	**—**	—	**—**	—	**—**	—
	23,402	23,384	**27,474**	22,882	**31,387**	28,163	**34,183**	42,402
Earnings (losses) before income taxes	**14,839**	11,494	**13,244**	13,641	**13,357**	14,414	**(4,518)**	(31,755)
Income taxes (recovery)	**4,155**	3,333	**3,707**	3,957	**3,741**	4,180	**(8,103)**	(11,774)
NET EARNINGS (LOSSES)	***10,684***	*8,161*	***9,537***	*9,684*	***9,616***	*10,234*	***3,585***	*(19,981)*
EARNINGS (LOSS) PER SHARE								
Cdn GAAP - Basic - US $	**0.38**	0.32	**0.34**	0.34	**0.34**	0.36	**0.13**	(0.71)
Cdn GAAP - Diluted - US$	**0.37**	0.30	**0.33**	0.34	**0.33**	0.35	**0.13**	(0.71)
U.S. GAAP - Basic - US $	**0.38**	0.32	**0.34**	0.34	**0.34**	0.36	**0.13**	(0.71)
U.S. GAAP - Diluted - US$	**0.37**	0.30	**0.33**	0.34	**0.33**	0.35	**0.13**	(0.71)
Average number of shares outstanding								
Cdn GAAP - Basic	**28,300,781**	25,836,000	**28,297,621**	28,296,915	**28,342,803**	28,531,518	**28,380,530**	28,356,241
Cdn GAAP - Diluted	**28,879,770**	26,769,000	**28,716,590**	29,262,328	**28,763,582**	29,560,516	**28,565,564**	28,320,327
U.S. GAAP - Basic	**28,300,781**	25,836,000	**28,297,621**	28,296,915	**28,342,803**	28,531,518	**28,380,530**	28,356,241
U.S. GAAP - Diluted	**28,879,770**	26,769,000	**28,716,590**	29,262,328	**28,763,582**	29,560,516	**28,565,564**	28,320,327

Note: In the 4th quarter of 2000, Canadian GAAP adopted the US GAAP definition of the diluted earnings per share retroactively.

SALES
In Millions of U.S. Dollars



REVIEW OF OPERATIONS

SALES

Intertape Polymer Group's consolidated sales increased by 14.73% to $653.9 million for the year 2000; and by 51.0% to $570.0 million for the year 1999 from $378.0 for 1998. All sales continue to be derived from packaging products made from various combinations of resins and papers which are then converted into high quality, value-added products. The Company is managed based on all products being within one operational segment. Products are made from somewhat the same extrusion processes and differ to some degree only in the final stages of manufacturing. Furthermore, most of the Company's products, while brought into the market through varying sales methods and channels bear the same economic characteristics in all respects. The two basic methods of bringing products to market are either through distributors or by selling directly to end-users. In both cases, the Company's highly trained sales force works closely with either the sales forces of the distributors or directly with the distributor's customer; or with the end-user customer.

Examples of products sold through distributors are Intertape® brand pressure-sensitive carton sealing tapes which include both hot-melt (introduced in 1981) and acrylic (1995); water-activated carton sealing tape (1996); masking tapes (1997); duct tapes (1998) Exlfilm® brand shrink wrap (1992); and StretchFlex® brand stretch wrap (1996). Examples of products sold directly to end-users include a wide range of Nova-Thene® brand woven polyolefin products (1989); Intertape® brand flexible intermediate bulk containers (FIBC) (1994).

The following are the highlights of factors that contributed to changes in sales volume during 2000.

- In almost all of the major product lines, selling prices generally started to fall during 1996; and this trend continued through 2000. These changes in unit selling prices are mostly in relation to raw material resin prices, which cycled with a downward trend beginning in 1995 continuing thru 2000. Consequently, increases in sales resulting from increases in unit volume were lessened in dollars by falling unit-selling prices.
- Acquisitions continue to play an important role as the Company broadens its range of products. During 2000 IPG acquired the assets of United Tape Company (UTC); a company devoted to sales of various packaging products to large retail chains. Approximately $22.0 million of sales were derived from this acquisition since its acquisition effective September 1, 2000. At the same time, UTC ceased to be a customer of IPG and after September 1, 2000, revenue no longer includes IPG sales to UTC. During 1999, IPG acquired CPC, which contributed $55.5 million to the Company's revenues in that year. Revenues recorded during 1998 from the acquisitions of Anchor (September 1998) and Rexford (October 1998) as well as those derived from the acquisition of ATC, which was completed during the last days of 1997, were $147.1 million.
- A limited number of new products were introduced by the Company in the period 1998 to 2000 other than those derived from acquisitions.

Despite the fact that the North American economy started to slow down during the latter stages of the 3rd quarter of 2000 and has remained slow in so far as the packaging industry is concerned, Management is anticipating further increases in revenue during 2001 partially as a result of the following factors:

- Intertape Polymer Group is continuing to increase its manufacturing capacities. The Company's new facility located in Tremonton, Utah is to be further expanded during 2001. Various additional capacities were installed in a number of facilities during the 2000 year as well

as the completion of the addition of a multi-layer coater in the Truro, Nova Scotia facility which was begun during 1999. The continuation of the integration of the previously acquired facilities in Columbia, South Carolina and Richmond, Kentucky within the Company's other tape plants will continue to provide further capacity for various products. In order to keep pace with FIBC's long-term demand, IPG continues to further expand in Mexico to gain the anticipated capacity requirements. Finally, the Company's continuous programs to reduce waste and increase running speeds which should provide additional throughput.

- The Company had enjoyed unit growth in substantially all product lines under various economic conditions throughout its history. As a result of the recent economic slowdown, there were some declines in unit growth within the product mix components which are commodity products. Management believes that unit growth should resume during the latter half of 2001.
- Importers continue to take advantage of revaluations in their home currencies that have the effect of lowering prices in selected North American geographical areas. In addition, the continuing strength of the US dollar vs other currencies has negatively impacted export markets during 2000. Management does not anticipate that this situation will reverse until the home currencies of these importers begin to strengthen against the U.S. dollar.

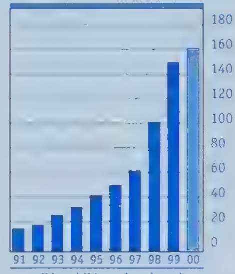
GROSS PROFIT AND GROSS MARGIN

The Company's gross profit excluding non-recurring amounts increased 13.1% to $162.9 million in 2000; and 35.8% to $144.1 million for 1999; and 68.4% to $106.1 million for 1998. As a percentage of sales, gross margins excluding non-recurring amounts for 1999 and 2000 decreased to 24.9% for 2000, and to 25.3% for 1999, and had increased to 28.1% for 1998 from 27.7% for 1997.

For the year 2000, the following are highlights of contributing factors which lead to lower gross margins:

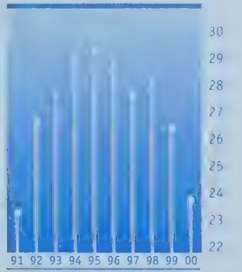
- An important factor is the effect of the economy on the Company's commodity products. These products are subject to market driven pricing pressures. During 2000, as the economy slowed, pricing declined to some degree. In addition, the economy impacted the costs of resins which declined during the year. As commodity products sales prices bear a relationship to raw material costs, this had an additional negative effect on IPG's selling prices.
- Certain of IPG's products are experiencing below normal margins and recent acquisitions have added lower margin lines to our product mix. Most notably, Stretch wrap continues to suffer from the impact of over supply and margins remain very low throughout the industry. Water-activated tapes are also a low margin product as this is a niche product with limited growth opportunities. With the acquisition of UTC, the Company took on a retail product line with margins that are lower than our historic base.
- Gross profits were negatively impacted by further charges of a net amount of $9.5 million which were recorded during the fourth quarter of 2000. This is made up of additional account receivable and inventory reserves of $15.0 million less the impact of the reversal against earnings of $5.5 million of provisions which had been established in prior years related to environmental, transfer pricing and employee related benefits. During the year ended December 2000, the Company completed its review of these provisions and decided to reduce them to more appropriate levels based on third party studies. As the Company has made a series of acquisitions over the past few years, Management contracted with a third party consultant to have an extensive review conducted of its major manufacturing equipment. Their report supported the decision to standardize the useful lives of major equipment to twenty years.

GROSS PROFIT
In Millions of U.S. Dollars



'99 and '00 numbers have been adjusted. See note in MD&A.

GROSS MARGIN
As a % of Sales



'99 and '00 numbers have been adjusted. See note in MD&A.

GROSS PROFIT AND GROSS MARGIN (Continued)

Previously, equipment had been depreciated from twelve to twenty years.

For the year 1999, the following are highlights of contributing factors which lead to lower gross margins:

- Sales were impacted during December 1999 due to the Company's customers inability to place orders and receive their product on time. The result was a shortfall in revenues of $17.0 million. Based on historical raw material content expressed as a percentage of sales, Management estimates that the Company lost $8.5 million in contribution to labor and overhead costs. As this shortfall happened quickly, this lost contribution generated lost gross profits of the same amount.
- Unit-of-measure computer errors and incorrect information in the selling price computer files, resulted in a combination of shipping inaccuracies and a build up of finished goods inventory. After an extensive review of both the Company's shipping records and the year end inventory position, the Company recorded an unusual and non-recurring charge in the cost of sales of approximately $9.7 million to reflect the combined impact of these factors.
- During 1999, the Company incurred unusual costs of approximately $9.8 million related to the integration of recently acquired businesses, principally Anchor's facility in Columbia, South Carolina. These integration difficulties at that location resulted in additional costs that were borne by other IPG facilities. Examples of the costs related directly to the Columbia facility are poor maintenance practices, which led to equipment breakdown, excessive labor charges and low productivity, all as a result of past management practices. The Anchor facility integration difficulties impacted costs in other IPG facilities because of excess freight, overtime and incremental manufacturing charges incurred to accommodate manufacturing of products, which were previously made in the Anchor facility.
- Circumstances within several product lines resulted in margins below the Company's targeted levels. Specifically, margins for StretchFlex® stretch wrap were and are currently lower than the Company's overall margins due to over-capacity in the market, leading to lower unit selling prices. This situation became even more critical during the fourth quarter of 1999 when market conditions resulted in a decline in selling prices even as raw material costs increased. The effect on gross profit for the fourth quarter of 1999 was approximately $3.0 million.

The combined effect of the above was that gross profits were negatively impacted by approximately $31.0 million for 1999 and $9.5 million for 2000. Had these factors not occurred, gross profits for 2000 would have been $162.9 million instead of $153.4 million; and would have been $144.1 million instead of $124.6 million for 1999. Gross margins would have been 24.9% instead of 23.4% for 2000; and 25.3% instead of 21.9% for 1999.

Based on information available to Management at the current time, we anticipate that the trend of increasing gross profits for 2001 will continue and that gross margins should begin to recover during the latter half of 2001 due to:

- The Company's sales have continued to be impacted by the slow economy. At this time, we anticipate that both unit volume and pricing should start to increase as the economy recovers.
- Except for continuing difficulties at the Columbia facility, Management believes that the underlying causes of the various unusual and non-recurring charges against cost of sales in 1999 and 2000 have been corrected and should not reoccur during 2001.

- The Company has begun to implement its supply chain strategy, which should result in logistic savings gained by way of the introduction of Regional Distribution Centers (RDC). The first such RDC was opened during the last quarter of 2000 and is generating cost reductions in freight costs. The remaining four (4) RDC's are scheduled to be operational during the second quarter of 2001. The Company anticipates the RDC's will result in lower freight costs, and will increase efficiencies through complete and on-time delivery of products to our customers.
- The impact of expanded plant outputs should continue during 2001 as further efficiency measures are implemented.
- New equipment installed during 2000 should have a positive effect on gross profits for 2001.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, General and Administrative (SG&A) expenses increased $9.4 million to $83.1 million for 2000 from $73.7 million excluding non-recurring items for 1999; and increased $26.9 million to $73.7 million from $46.8 million for 1998. As a percentage of sales, these expenses were 12.7% for 2000, 12.9% for 1999 excluding the non-recurring items and 12.4% for 1998. These increases occurred primarily for the following reasons:

The year 2000 results:

- SG&A costs increased as a result of the acquisitions of UTC during 2000 and CPC during 1999. In both cases, the Company did not obtain the anticipated synergies due to the decision not to integrate these operations' systems until IPG's MIS systems stabilized. CPC was integrated during April 2001 and UTC will not be scheduled for integration before the fourth quarter of 2001.
- The majority of sales costs are not driven by either sales volume or pricing.

The year 1999 results:

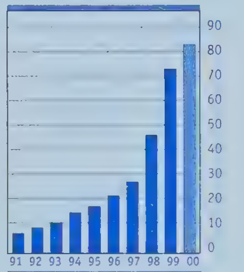
In order to fully understand the 1999 results and comparisons to prior year, both sales and the SG&A costs should take into account the following non-recurring items:

- Reported sales for 1999 should take into account the previously discussed drop in volume during December 1999 in the amount of approximately $17.0 million as SG&A costs did not proportionally decrease as a result of this rapid decline.
- There are several unusual non-recurring charges included in SG&A costs in the amount of $8.5 million which are a direct result of the MIS difficulties. This primarily relates to the increase in the allowance for doubtful accounts.
- Finally, $3.1 million of further non-recurring costs related to several abandoned acquisitions and the final costs of relocating more than 25 key managers to the Company's new corporate office in Sarasota, Florida.

When these factors are taken into account, the comparisons are as follows:

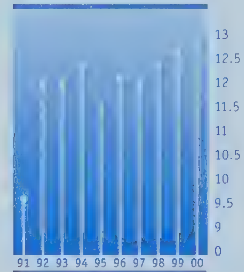
- Increase in SG&A costs year-over-year for 1999 and 1998 are 57.7% and 71.4%. These increases are directly related to acquisitions.

SELLING, GENERAL AND ADMINISTRATIVE
In Millions of U.S. Dollars



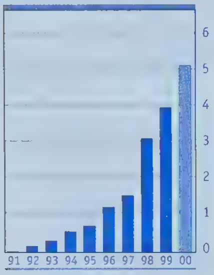
The '99 number has been adjusted. See note in MD&A.

SELLING, GENERAL AND ADMINISTRATIVE
As a % of Sales

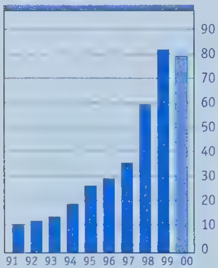


The '99 number has been adjusted. See note in MD&A.

RESEARCH & DEVELOPMENT
In Millions of U.S. Dollars

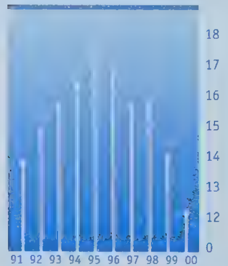


OPERATING PROFIT
In Millions of U.S. Dollars



'99 and '00 numbers have been adjusted. See note in MD&A.

OPERATING PROFIT
As a % of Sales



'99 and '00 numbers have been adjusted. See note in MD&A.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Continued)

- More importantly, SG&A costs for 1999 would have been $73.7 million and as a percent of sales would have been 12.9% for 1999.

Over the past 3 years, these costs have been increasing as a percentage of sales as the Company expanded through acquisitions. The Company did not attain its expected synergies from its acquisitions as a result of the MIS difficulties during 1999 and 2000.

RESEARCH AND DEVELOPMENT

Research and Development (R&D) remains an extremely important function within the Company. Taken as a percentage of sales, R&D is 0.8% for the year 2000 compared to 0.7% for 1999 and 0.8% for 1998. R&D is focused on new products, new technology developments and new product processes. While there have been new products introduced in prior years, Management believes that fiscal 2001 will start to see a steady rollout of significant new products into the Company's markets.

OPERATING PROFIT

When adjusted for all of the above highlighted effects on revenue, cost of sales and SG&A costs as a result of the MIS and plant integration difficulties for the year 1999 and 2000, the operating profits are $79.8 million for 2000 (12.2%); $70.4 million (12.4%) for 1999, $59.3 million (15.7%) for 1998 respectively. The recent decline in operating margins is as a result of several factors. Acquisitions consummated in 1998, 1999 and 2000 have brought into the Company more products, which currently have gross margins below the Company's historic levels. Stretch-Flex® stretch wrap margins are under intense pressure as a result of market conditions. MIS difficulties made certain synergistic cost reductions unattainable during both 1999 and 2000. Ongoing plant integration difficulties have depressed both gross margins and operating margins for both during 1999 and 2000.

Management anticipates that operating margins will expand when the 2001 synergistic cost reductions are attained, as the RDC strategy begins to reduce logistic costs, and the effects of plant integration efforts are achieved.

INCOME TAX

The Company's statutory income tax rate was approximately 43.0% the period from 1998 to 2000. Except for the impact of certain items for tax purposes discussed below, the amortization of that part of the goodwill which is non-deductible for income tax purposes, will result in the Company's effective income tax rate exceeding its statutory tax rate. The Company's effective tax rate was impacted by two material events during the years commencing with 1998. First, the Company's foreign based income is taxed at rates which are significantly lower than the rates that would have applied on the income had it been earned in Canada. Second, the Company entered into a series of transactions that resulted in permanent differences greater than prior years. It is expected that the effective tax rate for 2001 should stabilize between 23-28%. This rate depends somewhat on both there being no significant changes increases in corporate income tax rates for fiscal 2001 in Canada, the United States of America or Portugal; and that pre-tax income be at least $50.0 million. If pre-tax accounting income is less than $50.0 million, this will have the effect of reducing the effective tax rate lower than the expected percent.

NET EARNINGS - CANADIAN AND U.S. GAAP

During 1997, the Company recorded a charge against earnings for a restructuring of certain operations. Generally Accepted Accounting Principles (GAAP) in Canada permits the disclosure of a subtotal representing "earnings before restructuring charges and income taxes". US GAAP does not permit the presentation of this subtotal. Consequently, net earnings under both Canadian and US GAAP was $8.1 million for 1999 as compared to $28.8 million for 1998.

For purposes of the ten year graphical presentation, 1997 net earnings are based on the earnings that would have been recorded as if the restructuring had not taken place; 1999 net earnings are being presented before the above highlighted negative effects on revenue, cost of sales and SG&A as a result of the MIS and plant integration difficulties; and 2000 earnings are being presented before the final effect on cost of goods sold. IPG's net earnings adjusted as per the above for the years 2000, 1999 and 1998 would have been $42.9 million, $39.2 million, and $28.8 million respectively. As a percentage of sales adjusted net earnings are 6.6% for 2000, 6.9% for 1999, and 7.6% for 1998.

Canadian GAAP net earnings conform in all material respects to amounts that would have to be reported if the financial statements would have been prepared under U.S. GAAP.

EARNINGS PER SHARE - CANADIAN AND U.S. GAAP

Canadian GAAP

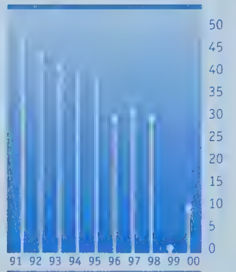
As noted previously, Canadian GAAP and U.S. GAAP differ in the presentation of the restructuring charges taken against earnings during 1997. Neither allows for the presentation of earnings per share (EPS) before the effect of restructuring charges. Consequently, for purposes of the ten year graphical presentation, the 1997 charge against earnings which reduced EPS by $0.49 are included in all computations of EPS for 1997.

Adjusted basic EPS increased 6.5% to $1.48 for 2000 from $1.39 in 1999; and increased 21.9% to $1.14 for 1998. The weighted average number of common shares outstanding for the purpose of the basic EPS calculation was 28.3 million shares for 2000, 27.7 million shares for 1999, and 25.1 million shares for 1998.

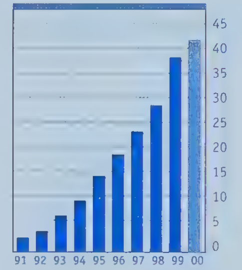
U.S. GAAP

Commencing in 1997, basic EPS under U.S. GAAP is calculated in a manner consistent with Canadian GAAP. In the 4th quarter of 2000, Canadian GAAP adopted the US GAAP definition of diluted earnings per share retroactively.

INCOME TAXES
Effective Income Tax Rates

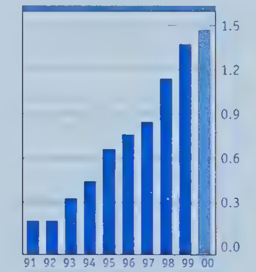


NET EARNINGS - CDN GAAP
In Millions of U.S. Dollars



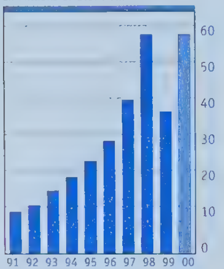
'97, '99 and '00 numbers have been adjusted. See note in MD&A.

EPS - BASIC CDN GAAP
U.S. Dollars Per Share



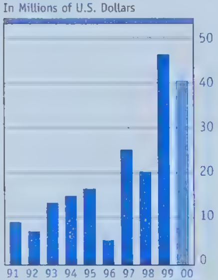
'97, '99 and '00 numbers have been adjusted. See note in MD&A.

CASH FLOW
In Millions of U.S. Dollars



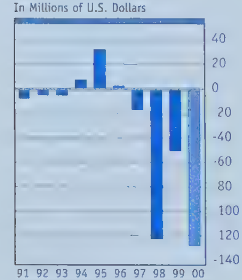
Cash Flow from Operations Before Funding Non-Cash Working Capital Items

CASH FLOW
In Millions of U.S. Dollars



Cash Flow from Operations After Funding Non-Cash Working Capital Items

BANK INDEBTEDNESS
In Millions of U.S. Dollars



LIQUIDITY AND CAPITAL RESOURCES

CHANGES IN CASH FLOW

Cash flow from operations increased by $21.8 million to $57.9 million for 2000, and decreased $21.8 million in 1999 from $57.9 million in 1998. Of this amount, $ 17.9 million was used to support working capital during 2000; $10.4 million was added from the decrease in non-cash working capital items.

The balance of $40.0 million in 2000 was augmented by $17.2 million through an increase in bank indebtedness of $26.5 million less $2.2 million, $4.2 million and $3.0 million used to repay long-term debt, purchase common shares for cancellation and payment of the 2000 dividend respectively. These combined sources of funds from operations and bank financing activities were used to acquire certain assets of UTC in the amount of $28.2 million; increase in fixed assets and construction in progress in the amount of $48.1 million; less the impact of the sale of certain fixed assets of $4.2 million and increases in other assets and deferred charges.

The balance of $46.5 million in 1999 was augmented by an increase in long-term debt of $187.0 million, $76.9 million from the issue of common shares in March 1999, and $1.7 million by way of the exercise of stock options. This was then reduced by $60.8 million for the repayment of long-term debts, $2.5 million for the purchase of shares for cancellation under a Normal Course Issuer Bid, $3.0 million for the payment of dividends, and by $68.8 million for the reimbursement of bank indebtedness. These funds totalling $177.0 million were used to invest in capital and other assets in the amount of $67.7 million and the acquisition of CPC of $108.1 million.

CREDIT FACILITIES

The Company has various credit facilities, most of which expired during 2000 and have been extended until June 30th, 2001. Of the amount outstanding as at December 2000, $120.0 million were loans related to the acquisition of UTC and CPC. The Company has negotiated and accepted a term sheet with its two largest bank lenders. Currently, both IPG and these major lenders are conducting negotiations with several additional Canadian Financial Institutions with a view to syndicate a $175.0 million facility to replace the current facilities. It is anticipated that the final financing package will comprise a $50.0 million revolving facility, a $25.0 million one year term facility, and a 5 year $100.0 million term facility which will require eight semi-annual capital repayments of $12.5 million commencing eighteen months after closing, Closing is anticipated to be late June, 2001.

LONG-TERM DEBT

During 1999, the Company successfully completed a Series A and B Notes Offering of $137.0 million of Senior Unsecured U.S. dollar Notes bearing interest at the rate of 7.78%, interest payable semi-annually, $25.0 million principle maturing November 2005 and the balance on May 2009. The proceeds were used primarily to repay some bank debt incurred during 1999 for part of the acquisition of Central Products and to repay the balance of bank debt incurred during 1998 for part of the purchase of Anchor.

During 1998, the Company successfully completed a U.S. Offering of $137.0 million of Senior Unsecured U.S. dollar Notes bearing interest at the rate of 6.82%, interest payable semi-annually, principle maturing March 31st, 2008. The proceeds were used primarily to repay the bank debt $114.0 million incurred during 1997 in relation to the acquisition of American Tape.

CAPITAL STOCK

From time to time, various employees exercised stock options which contributed $0.2 million, $1.7 million and $1.2 million during 2000, 1999 and 1998 respectively.

As part of the financing of the purchase of certain assets of UTC during the third quarter of 2000, $4.0 million worth of shares were issued from treasury at a per share price of $15.9625.

During the first quarter of 1999, the Company issued 3,000,000 additional common shares at a price of CDN $40.25 per share (US $25.63 per share after issue costs) for a total cash infusion of US $76.9 million after issue costs. Proceeds were used to repay short-term and long-term debts.

During 1999, the Company announced that it had registered a Normal Course Issuer Bid in Canada. During December 1999, 100,000 shares were purchased for cancellation, which resulted in a reduction of $2.5 million in the stated value of the Company's issued common shares. During the fourth quarter of 2000, the Normal Course Issuer Bid was extended for another year. During 2000, 353,200 shares were purchased for cancellation which resulted in a reduction of $2.4 million in the stated value on the Company's issued common shares.

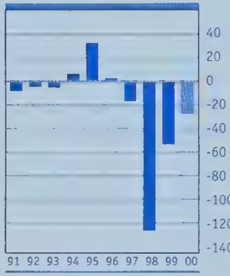
As part of the purchase price for the acquisition of Central Products, the Company issued 300,000 share purchase warrants. These warrants expire on August 9, 2004 and permit the holder to purchase common shares of the Company at a price of $29.50 per share.

CAPITAL EXPENDITURES

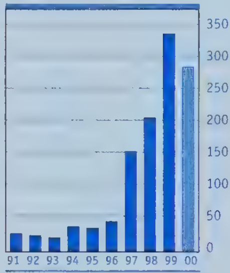
Total capital expenditures for 2000 were $48.1 million; and for 1999 were $57.2 million. There were a number of major projects either ongoing or completed during this period.

- The expansion of our Truro, Nova Scotia plant began in 1999 and was completed in 2000. This expansion added much needed capacity for production of both traditional and new woven products such as vinyl replacement products. As well, new printing capacity for woven products was brought in line in 2000.
- The installation of a 6th BOPP extrusion line was commercialized at the Company's Danville, Virginia facility. This enabled the Company to be completely self-sufficient in the production of film for pressure sensitive tapes for both hot-melt and acrylic based adhesives tapes.
- The Virginia plant also saw the addition of a 7th cast line for the production of Stretch Films to bring the Company's capacity in this product line to more 100 million pounds.
- The Company added irradiated film capacity for the production of a new type of Shrink Film in its Tremonton, Utah facility. This is a new process which broadens the markets for this film into areas that were previously supplied solely by PVC manufacturers. PVC type films represent 60% of the Shrink Film market.
- Other expenditures were made in order to lower manufacturing costs and improve output of tape production facilities in Columbia, South Carolina, Marysville, Michigan and Richmond, Kentucky, primarily in the areas of finishing and packaging.

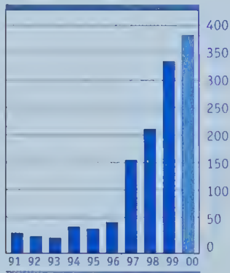
BANK INDEBTEDNESS PRO FORMA FOR NEW FINANCING
In Millions of U.S. Dollars



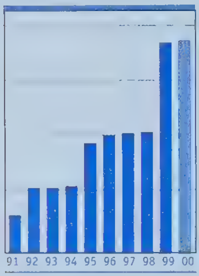
LONG-TERM DEBT
In Millions of U.S. Dollars



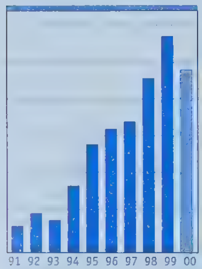
LONG-TERM DEBT PRO FORMA FOR NEW FINANCING
In Millions of U.S. Dollars



CAPITAL STOCK
In Millions of U.S. Dollars



CAPITAL EXPENDITURES
In Millions of U.S. Dollars



CAPITAL EXPENDITURES (Continued)

- Expenditures in the MIS area continued in 2000 as the Company completed the migration of most of its systems onto a new enterprise platform, which is essential to the "Basket-of-Products" programs. As well, the Company continued with the role- out of Warehouse Management Systems (WMS). All major manufacturing locations and RDC's will have a WMS by the end of 2001. During 2000, the Company also started to bring the entire payroll function in house.

BUSINESS ACQUISITIONS

2000

On September 1st, 2000, the Company completed the acquisition of UTC. With this acquisition IPG established a presence in the retail market for North America. Prior to the acquisition, IPG was involved to a lesser degree in this channel of distribution. The UTC acquisition has accelerated the development of this important channel. Effective September 1, 2000, the Company acquired certain assets of Olympian Tape Sales, Inc. d/b/a United Tape Company ("UTC"). UTC was a manufacturer and distributor of certain packaging products into the retail market. UTC was a long-term customer of one particular product line of IPG.

The purchase price was paid for in both cash in the amount of $28.2 million and $4.0 million worth of common shares of Intertape stock from treasury.

The preliminary purchase price allocation, which includes approximately $20.4 million allocated to goodwill, was based upon available information and preliminary appraisals and is subject to revision as more facts become known. Goodwill from the acquisition is being amortized over a twenty-year period.

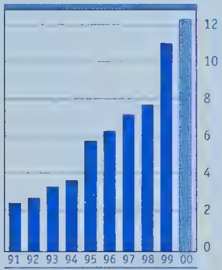
1999

On July 30 and August 9, 1999, respectively, the Company acquired from Spinnaker Industries, Inc. (Amex: SKK) substantially all the assets of SETco and all of the outstanding shares of Central Products Company, manufacturers of pressure-sensitive, water-activated and electrical tapes. The total cash consideration and estimated transactions costs for these acquisitions were approximately $108.1 million. In addition, the Company issued 300,000 share purchase warrants valued at $3.2 million to the seller of these companies. Preliminary purchase price allocations reflect approximately $48.5 million of goodwill, which is amortized over a forty-year period.

1998

On September 23 and October 7th, 1998 respectively, the Company purchased 100% of the outstanding shares of Anchor, a manufacturer of pressure-sensitive tapes including both duct and masking tapes and substantially all the operating assets of Rexford paper, which is a Wisconsin redistributor of a variety of pressure-sensitive tapes as well as a manufacturer of water-activated tapes. The total cash consideration and estimated transaction costs for these acquisitions were approximately $113.2 million.

BOOK VALUE PER SHARE
U.S. Dollars Per Share



'97 and '99 numbers have been adjusted. See note in MD&A.

BOOK VALUE PER SHARE

The unadjusted book value per share for the years ended 2000, 1999, and 1998 are $10.98, $9.97 and $7.71 respectively.

DIVIDEND ON COMMON SHARES

On May 15 2000, the Company declared an annual dividend of $0.106 per share (CDN $0.16) to shareholders of record on May 30, 2000. The dividend was paid on June 8, 2000 and amounted to approximately $3.0 million.

On March 9, 1999, the Company declared an annual dividend of $0.106 per share (CDN $0.16) to shareholders of record on March 19, 1999. The dividend was paid on April 5, 1999 and amounted to approximately $3.0 million.

On March 10, 1998, the Company declared an annual dividend of $0.092 per share (CDN $0.13) to shareholders of record on March 20, 1998. The dividend was paid on March 31, 1998 and amounted to approximately $2.1 million.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The consolidated financial statements of Intertape Polymer Group Inc. and the other financial information included in this annual report are the responsibility of the Company's Management and have been examined and approved by its Board of Directors. These consolidated financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles and include some amounts that are based on Management's best estimates and judgements. The selection of accounting principles and methods is Management's responsibility.

The Company maintains internal control systems designed to ensure that the financial information produced is relevant and reliable.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors assigns its responsibility for the financial statements and other financial information to the audit committee, the majority of whom are non-management directors.

The audit committee's role is to examine the financial statements and annual report and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets periodically with the external auditors, to review their audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

The Company's external auditors, Raymond Chabot Grant Thornton, appointed by the shareholders at the Annual and Special Meeting, have audited the Company's financial statements and their report indicating the scope of their audit and their opinion on the financial statements follows.

Sarasota, Florida and Montreal, Canada
March 19, 2001

Melbourne F. Yull
Chairman and Chief Executive Officer

Andrew M. Archibald, C.A.
Chief Financial Officer, Secretary, Treasurer,
Vice President Administration

AUDITOR'S REPORT

We have audited the consolidated balance sheets of Intertape Polymer Group Inc. as at December 31, 2000 and 1999 and the consolidated statements of earnings, retained earnings and cash flows for each of the years in the three-year period ended December 31, 2000. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2000 and 1999 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2000 in accordance with Canadian generally accepted accounting principles.

Raymond Chabot Grant Thornton
General Partnership, Chartered Accountants
Montreal, Canada
March 19, 2001

Consolidated Earnings (In thousands of U.S. dollars; except per share amounts)

YEARS ENDED DECEMBER 31,	2000	1999	1998
	$	$	$
SALES	**653,915**	569,947	378,030
Cost of sales (Note 4)	**500,547**	445,322	271,971
GROSS PROFIT	*153,368*	*124,625*	*106,059*
Selling, general and administrative expenses (Note 4)	**83,092**	85,330	46,747
Amortization of goodwill	**6,540**	5,451	3,330
Research and development	**5,109**	3,901	3,059
Financial expenses (Note 5)	**27,205**	22,149	12,429
Gain on sale on interest in joint venture (Note 4)	**(5,500)**	—	—
	116,446	*116,831*	*65,565*
Earnings before income taxes	**36,922**	7,794	40,494
Income taxes (Note 6)	**3,500**	(304)	11,743
NET EARNINGS	*33,422*	*8,098*	*28,751*
EARNINGS PER SHARE			
Basic	*1.18*	*0.29*	*1.14*
Diluted	*1.16*	*0.29*	*1.10*

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Retained Earnings (In thousands of U.S. dollars)

YEARS ENDED DECEMBER 31,	2000	1999	1998
	$	$	$
Balance, beginning of year	**88,422**	85,184	58,563
Net earnings	**33,422**	8,098	28,751
	121,844	*93,282*	*87,314*
Dividends	**3,006**	2,993	2,130
Premium on purchase for cancellation of Common Shares	**1,872**	1,867	—
	4,878	*4,860*	*2,130*
BALANCE, END OF YEAR	*116,966*	*88,422*	*85,184*

Consolidated Cash Flows

(In thousands of U.S. dollars)

YEARS ENDED DECEMBER 31,	2000	1999	1998
OPERATING ACTIVITIES	$	$	$
Net earnings	**33,422**	8,098	28,751
Non-cash items			
Depreciation and amortization	**27,934**	31,229	20,544
Future income taxes	**482**	(3,197)	8,627
Write-off of capital assets	**1,594**	—	—
Other non-cash items (Note 14)	**(5,500)**	—	—
Cash from operations before funding of changes in non-cash working capital items	***57,932***	*36,130*	*57,922*
Changes in non-cash working capital items			
Trade and other receivables	**(3,894)**	(3,321)	(175)
Inventories and parts and supplies	**3,493**	(6,085)	(15,076)
Prepaid expenses	**(1,809)**	(2,123)	1,939
Accounts payable and accrued liabilities	**(15,697)**	21,903	(24,033)
	(17,907)	*10,374*	*(37,345)*
Cash flows from operating activities	***40,025***	*46,504*	*20,577*
INVESTING ACTIVITIES			
Acquisitions of businesses (Note 7)	**(28,195)**	(108,172)	(113,187)
Capital assets, net of investment tax credits	**(48,142)**	(57,154)	(45,941)
Proceed on sale of capital assets	**4,239**	—	—
Other assets	**17,637**	(10,577)	(8,923)
Cash flows from investing activities	***(54,461)***	*(175,903)*	*(168,051)*
FINANCING ACTIVITIES			
Net change in bank indebtedness	**26,468**	(68,835)	103,460
Issue of long-term debt	**—**	187,000	166,553
Repayment of long-term debt	**(2,249)**	(60,767)	(120,099)
Issue of Common Shares	**176**	78,583	1,172
Common Shares purchased for cancellation	**(4,194)**	(2,542)	—
Dividends paid	**(3,006)**	(2,993)	(2,130)
Cash flows from financing activities	***17,195***	*130,446*	*148,956*
Net increase in cash position	**2,759**	1,047	1,482
Effect of foreign currency translation adjustments	**(2,759)**	(1,047)	(1,482)
Cash position, beginning and end of year	***—***	*—*	*—*
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION			
Interest paid	***29,319***	*22,065*	*15,257*
Income taxes paid	***3,118***	*3,153*	*3,339*

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Balance Sheets

(In thousands of U.S. dollars)

DECEMBER 31,	2000	1999
ASSETS	$	$
Current assets		
Trade receivables (net of allowance for doubtful accounts of $10,300 ($6,178 in 1999))	**97,478**	83,120
Other receivables (Note 8)	**11,659**	17,712
Inventories (Note 9)	**89,264**	87,301
Parts and supplies	**10,069**	9,813
Prepaid expenses	**6,114**	4,204
Future income tax assets	**10,810**	11,349
	225,394	*213,499*
Capital assets (Note 10)	**374,753**	351,722
Other assets (Note 11)	**10,636**	31,899
Goodwill, at amortized cost	**234,257**	217,886
Total assets	*845,040*	*815,006*
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 12)	**127,333**	53,920
Accounts payable and accrued liabilities	**79,811**	88,563
Installments on long-term debt	**9,532**	2,079
	216,676	*144,562*
Long-term debt (Note 13)	**276,684**	336,015
Other liabilities (Note 14)	**42,038**	52,426
Total liabilities	*535,398*	*533,003*
SHAREHOLDERS' EQUITY		
Capital stock and share purchase warrants (Note 15)	**186,908**	185,091
Retained earnings	**116,966**	88,422
Accumulated foreign currency translation adjustments	**5,768**	8,490
Total shareholders' equity	*309,642*	*282,003*
Total liability and shareholders' equity	*845,040*	*815,006*

On behalf of the Board,

Gordon R. Cunningham, Director

Ben J. Davenport, Jr., Director

The accompanying notes are an integral part of the consolidated financial statements.

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

1 - GOVERNING STATUTES

The Company, incorporated under the Canada Business Corporations Act, is based in Montreal, Canada.

The common shares of the Company are listed on the New York Stock Exchange in the United States of America ("United States") and on The Toronto Stock Exchange in Canada.

2 - ACCOUNTING POLICIES

The consolidated financial statements are expressed in U.S. dollars and were prepared in accordance with Canadian generally accepted accounting principles, which, in certain respects, differ from the accounting principles generally accepted in the United States, as shown in Note 20.

Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. All significant intercompany accounts and transactions have been eliminated. Investments in joint ventures have been proportionately consolidated based on the Company's ownership interest.

Fair Value of Financial Instruments

The fair value of trade receivables, other receivables, bank indebtedness as well as accounts payable and accrued liabilities is equivalent to carrying amounts, given the short maturity period of such financial instruments.

The fair value of receivables from joint ventures approximates the carrying amounts reported in the consolidated balance sheets.

The fair value of long-term debt was established as described in Note 13.

Foreign Currency Translation

Reporting Currency

The financial statements of the Company were reported in Canadian dollars until December 31, 1998. As a result of business acquisitions and increasing activities in the United States, the Company adopted the U.S. dollar as its reporting currency effective January 1, 1999. In accordance with Canadian generally accepted accounting principles, for periods up to and including December 31, 1998, amounts pertaining to the consolidated financial statements and notes thereto were converted into U.S. dollars using a translation of convenience with the December 31, 1998 exchange rate of CDN $1.5305 per US $1.00.

For years after December 31, 1998, the accounts of the Company's operations having a functional currency other than the U.S. dollar have been translated into the reporting currency using the current rate method as follows: assets and liabilities have been translated at the exchange rate in effect at the year end and revenues and expenses have been translated at the average rate during the year. All translation gains or losses of the Company's net equity investments in these operations have been included in the accumulated foreign currency translation adjustments account in shareholders' equity. Changes in this account for all periods presented result solely from the application of this translation method.

Foreign Currency Translation

Transactions denominated in currencies other than the functional currency have been translated into the functional currency as follows: monetary assets and liabilities have been translated at the exchange rate in effect at the end of each year and revenues and expenses have been translated at the average exchange rate for each year; non-monetary assets and liabilities have been translated at the rates prevailing at the transaction dates. Exchange gains and losses arising from such transactions are included in earnings.

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

Cash and Cash Equivalents

The Company's policy is to present cash and temporary investments having a term of three months or less with cash and cash equivalents.

Inventories and Parts and Supplies Valuation

Raw materials are valued at the lower of cost and replacement cost. Work in process and finished goods are valued at the lower of cost and net realizable value. Cost is principally determined by the first in, first out method. The cost of work in process and finished goods includes the cost of raw materials, direct labour and manufacturing overhead.

Parts and supplies are valued at the lower of cost and replacement cost.

Capital Assets

Capital assets are stated at cost less applicable investment tax credits and government grants earned and are depreciated over their estimated useful lives principally as follows:

	Methods	Rates and Periods
Buildings	Diminishing balance	5%
	or Straight-line	15 to 40 years
Buildings under capital leases	Straight-line	20 years
Manufacturing equipment	Straight-line	20 years[a]
Furniture, office, computer equipment and software	Diminishing balance	20%
and other	or Straight-line	7 years

[a] As a result of an extensive review of the useful lives of the Company's principal manufacturing equipment, Management decided to extend to 20 years the estimated useful lives of all manufacturing equipment. Prior to such revision, these assets were depreciated over periods of 12 to 20 years. This change in estimated useful life was applied prospectively commencing January 1, 2000 and has resulted in a decrease to depreciation expense and corresponding increase in earnings before income taxes of approximately $11.6 million for the year ended December 31, 2000.

The Company follows the policy of capitalizing interest during the construction and preproduction periods as part of the cost of significant capital assets. Normal repairs and maintenance are expensed as incurred. Expenditures which materially increase values, change capacities or extend useful lives are capitalized. Depreciation is not charged on new capital assets until they become operative.

Deferred Charges

Debt issue expenses are deferred and amortized on a straight-line basis over the term of the related obligation. Other deferred charges are amortized on a straight-line basis over a five-year period.

Goodwill

Goodwill represents the excess of the purchase price and related cost over the value assigned to the net tangible assets of investments in subsidiaries and joint ventures at the dates of acquisition. Goodwill is being amortized on a straight-line basis over periods ranging from 20 to 40 years, the estimated life of the underlying benefit. The value of goodwill is regularly evaluated by reviewing the returns of the related business, taking into account the risk associated with the investment. Any permanent impairment in the amortized value of goodwill would be written off against earnings.

Environmental Costs

The Company expenses, on a current basis, recurring costs associated with managing hazardous substances and pollution in ongoing operations. The Company also accrues for costs associated with the remediation of environmental pollution when it becomes probable that a liability has been incurred and its share of the amount can be reasonably estimated.

Pension Plans and Other Retirement Benefits

The Company has defined benefit and defined contribution pension plans and other retirement benefit plans for its Canadian and American employees.

In the year ended December 31, 2000, the Company adopted, without restating prior period financial statements, the new recommendations of the Canadian Institute of Chartered Accountants with respect to accounting for the cost of pension benefits and

2 - ACCOUNTING POLICIES (Continued)

Pension Plans and Other Retirement Benefits (Continued)

other employee future benefits. The new recommendations require that the discount rate used to value pension obligations and current costs be changed from an estimated long-term rate to a market interest rate. The adoption of these new recommendations has not resulted in a significant impact to the current or prior year's financial statements.

The following policies are used with respect the the accounting for the defined benefit and other retirement benefit plans:

- The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and is charged to earnings as services are provided by the employees. The calculations take into account Management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees, participants' mortality rates and expected health care costs.
- For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.
- Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.
- The excess of the net actuarial gains (losses) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees.

Income Taxes

The Company provides for income taxes using the liability method of tax allocation. Under this method, future income tax assets and liabilities are determined based on deductible or taxable temporary differences between the financial statement values and tax values of assets and liabilities, using enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse.

Stock Options

The Company has granted stock options as described in Note 15. No compensation expense is recognized when stock options are granted. Any consideration paid by employees on exercise of stock options is credited to capital stock.

Earnings Per Share

In the year ended December 31, 2000, the Company adopted, on a retroactive basis, the new recommendations of the Canadian Institute of Chartered Accountants with respect to Section 3500, Earnings per share. Under the new recommendations, the treasury stock method is to be used, instead of the current imputed earnings approach, for determining the dilutive effect of warrants and options. Previously reported diluted earnings per share amounts have been recalculated in accordance with the new requirements. This change in accounting policy has not resulted in differences in previously reported diluted earnings per share and has not impacted the establishment of the current year's diluted earnings per share.

Basic earnings per share are calculated using the weighted average number of common shares outstanding during the year.

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

3. JOINT VENTURES

The Company's pro rata share of its joint ventures' operations included in the consolidated financial statements is summarized as follows:

YEARS ENDED DECEMBER 31,	2000	1999	1998
	$	$	$
Earnings			
Sales	**2,671**	4,467	3,934
Gross profit	**383**	1,010	1,130
Financial expenses (income)	**(320)**	882	440
Net earnings (net loss)	**136**	(767)	(59)
Cash Flows			
Cash flows from operating activities	**643**	(1,331)	827
Cash flows for investing activities	**(2,232)**	2,343	(1,309)
Cash flows from financing activities	**512**	2,566	1,136

DECEMBER 31,	2000	1999
	$	$
Balance Sheet		
Assets		
Current assets	**1,483**	3,091
Long-term assets	**7,119**	11,243
Liabilities		
Current liabilities	**2,885**	10,817
Long-term debt	**1,862**	3,187

During the year ended December 31, 2000, the Company recorded sales of $2,790,000 to its joint ventures ($7,716,000 in 1999 and $1,745,000 in 1998). Also, the Company recorded interest income of $58,000 from a joint venture for the year ended December 31, 2000 ($1,494,000 in 1999 and $996,000 in 1998).

4. INTEGRATION AND TRANSITION, ASSET WRITE-DOWNS AND OTHER NON-RECURRING ITEMS

During the year ended December 31, 2000, the Company realized a gain of $5.5 million on the sale of its interest in a joint venture.

For the year ended December 31, 1999 the Company incurred substantial integration and transition, asset write-downs and other non-recurring costs as a result of recent business acquisitions and the implementation of a major enterprise-wide Management Information System. Such costs were included in cost of sales ($19.5 million) and selling, general and administrative expenses ($11.6 million).

5. INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENTS OF EARNINGS

YEARS ENDED DECEMBER 31,	2000	1999	1998
	$	$	$
Depreciation of capital assets	**20,334**	25,077	16,090
Amortization of debt issue expenses and other deferred charges	**1,060**	701	1,124
Financial expenses			
Interest on long-term debt	**20,812**	17,924	10,078
Interest on credit facilities	**8,747**	6,519	6,473
Interest income, gain on foreign exchange and other	**(1,116)**	(1,154)	(2,542)
Interest capitalized to capital assets	**(1,238)**	(1,140)	(1,580)
	27,205	*22,149*	*12,429*

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

6. INCOME TAXES

The provision for income taxes consists of the following:

YEARS ENDED DECEMBER 31,	2000	1999	1998
	$	$	$
Current	3,018	2,893	3,116
Future	482	(3,197)	8,627
	3,500	(304)	11,743

The reconciliation of the combined Federal and Provincial statutory income tax rate to the Company's effective tax rate is detailed as follows:

YEARS ENDED DECEMBER 31,	2000	1999	1998
	%	%	%
Combined Federal and Provincial income tax rate	43.1	42.7	42.9
Manufacturing and processing	2.2	14.0	(2.1)
Foreign losses recovered (income taxed) at lower rates	(5.1)	0.3	(5.1)
Impact of other differences	(30.7)	(60.9)	(6.7)
Effective income tax rate	9.5	(3.9)	29.0

The net future income tax liabilities are detailed as follows:

DECEMBER 31,	2000	1999
	$	$
Future income tax assets		
Accounts payable and accrued liabilities	4,131	6,944
Tax credits and loss carry-forwards	17,843	16,528
Trade and other receivables	5,561	2,101
Inventories	1,761	4,264
	29,296	29,837
Future income tax liabilities		
Capital assets	(54,613)	(50,112)
Other	(1,411)	(6,094)
	(56,024)	(56,206)
Net future income tax liabilities	(26,728)	(26,369)

7. ACQUISITIONS OF BUSINESSES

In the last three years, the following business acquisitions have been accounted for using the purchase method of accounting and, accordingly, the purchase price was allocated to the assets and liabilities based on their estimated fair value as of acquisition date.

The operating results of the acquired businesses have been included in the consolidated financial statements from the dates of acquisition.

a) Year ended December 31, 2000

Effective September 1, 2000, the Company acquired certain assets of Olympian Tape Sales, Inc. d/b/a United Tape Company ("UTC"). UTC was a manufacturer and distributor of certain packaging products into the retail market. UTC was a long term customer of one particular product line of the Company.

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

The purchase price was paid for in both cash in the amount of $28.2 million and $4.0 million worth of common shares of the Company's stock from treasury.

The preliminary purchase price allocation, which includes approximately $20.4 million allocated to goodwill, was based upon available information and preliminary appraisals and is subject to revision as more facts become known. Goodwill from the acquisition is being amortized over a 20-year period.

b) Year ended December 31, 1999

On July 30, 1999 and August 9, 1999 respectively, the Company purchased certain assets of Spinnaker Electrical Tape Company (SETco) and 100% of the outstanding shares of Central Products Company (CPC), manufacturers of pressure-sensitive, water-activated and electrical tapes.

The total cash consideration and estimated transaction costs for the acquisitions were approximately $108.1 million. In addition, the Company issued share purchase warrants valued at $3.2 million to the former owners.

c) Year ended December 31, 1998

On September 23, 1998 and October 7, 1998 respectively, the Company purchased 100% of the outstanding shares of Anchor Continental, Inc., a manufacturer of pressure-sensitive tapes including both masking and duct tapes and substantially all the operating assets of Rexford Paper Company, a redistributor of a variety of pressure-sensitive tapes as well as a manufacturer of water-activated tapes.

The total cash consideration and estimated transactions costs for the acquisitions were approximately $113.2 million.

The following is a summary of the initial values of the net assets purchased in the last three years:

DECEMBER 31,	2000	1999	1998
	$	$	$
Current assets	**14,383**	26,523	32,473
Capital assets	**1,316**	66,541	51,745
Goodwill and other assets	**20,963**	49,763	72,116
	36,662	142,827	156,334
Current liabilities assumed	**(4,467)**	(23,250)	(38,926)
Net future income tax liabilities	**—**	(8,255)	(4,221)
Net assets purchased	***32,195***	*111,322*	*113,187*
Consideration			
Cash	**28,195**	108,172	113,187
Issue of common shares	**4,000**	—	—
Issue of share purchase warrants	**—**	3,150	—
	32,195	*111,322*	*113,187*

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

8. OTHER RECEIVABLES

DECEMBER 31,	2000	1999
	$	$
Rebates receivable	5,734	5,560
Income and other taxes	1,046	5,354
Sales taxes	1,051	2,059
Other	3,828	4,739
	11,659	*17,712*

9. INVENTORIES

DECEMBER 31,	2000	1999
	$	$
Raw materials	23,198	25,460
Work in process	14,483	12,189
Finished goods	51,583	49,652
	89,264	*87,301*

10. CAPITAL ASSETS

DECEMBER 31, 2000	Cost	Accumulated Depreciation	Net
	$	$	$
Land	3,329	—	3,329
Buildings and related capital leases	57,024	10,573	46,451
Manufacturing equipment	359,883	88,540	271,343
Furniture, office, computer equipment and software and other	33,629	7,351	26,278
Manufacturing equipment under construction and software projects under development	27,352	—	27,352
	481,217	*106,464*	*374,753*

DECEMBER 31, 1999	Cost	Accumulated Depreciation	Net
	$	$	$
Land	3,219	—	3,219
Buildings and related capital leases	51,853	8,348	43,505
Manufacturing equipment	341,445	75,709	265,736
Furniture, office, computer equipment and software and other	30,160	8,625	21,535
Manufacturing equipment under construction and software projects under development	17,727	—	17,727
	444,404	*92,682*	*351,722*

11. OTHER ASSETS

DECEMBER 31,	2000	1999
	$	$
Debt issue expenses and other deferred charges, at amortized cost	5,773	4,067
Loans to officers and directors including loans regarding the exercise of stock options, without interest, various repayment terms	1,675	275
Receivables from joint ventures	648	23,449
Other receivables	65	1,452
Other, at cost	2,475	2,656
	10,636	*31,899*

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

12. BANK INDEBTEDNESS AND CREDIT FACILITIES

The bank indebtedness consists of the utilized portion of unsecured demand and revolving bank credit facilities and cheques issued which have not been drawn from the facilities and is reduced by any cash and cash equivalent balances.

As at December 31, 2000, the Company had:

- A senior unsecured bank loan under a US $80.0 million revolving credit facility which matures June 30, 2001. This loan bears interest at U.S. prime rate plus a premium bearing between 0 and 125 basis points or at LIBOR plus a premium varying between 40 and 225 basis points. As at December 31, 2000, the effective rate was approximately 7.40% and the facility was fully utilized;
- A senior unsecured bank loan under a US $50.0 million revolving credit facility which matures June 30, 2001. This loan bears interest at U.S. prime rate or at LIBOR plus a premium varying between 125 and 150 basis points. As at December 31, 2000, the effective interest rate was approximately 8.70% and US $40.0 million was utilized;
- A senior unsecured bank loan under a US $15.0 million revolving credit facility which matures June 30, 2001. This loan bears interest at U.S. prime rate. As at December 31, 2000, the effective rate was approximately 9.50% and US $14.8 million was utilized;
- A senior unsecured US $10.0 million demand bank loan, bearing interest at U.S. prime rate. As at December 31, 2000, the effective interest rate was approximately 9.50% and US $7.7 million was utilized; and
- A senior unsecured CDN $5.0 million of demand bank loan, bearing interest at Canadian prime rate. As at December 31, 2000, the effective rate was approximately 7.50% and CDN $2.6 million was utilized.

13. LONG-TERM DEBT

Long-term debt consists of the following:

DECEMBER 31,	2000	1999
	$	$
a) $137,000,000 Series A and B Senior Notes	**137,000**	137,000
b) $137,000,000 Senior Notes	**137,000**	137,000
c) $8,000,000 Series 3 Notes	**8,000**	8,000
d) Bank loan under a revolving credit facility	**—**	50,000
e) Other debt	**4,216**	6,094
	286,216	*338,094*
Less		
Current portion of long-term debt	**9,532**	2,079
	276,684	*336,015*

a) Series A and B Senior Notes

Senior Unsecured Notes, bearing interest at an average rate of 7.78%, payable semi-annually. The Series A $25.0 million Notes mature on May 31, 2005. The Series B $112.0 million Notes are repayable in semi-annual installments of $13,440,000 starting in November 2005 and mature on May 31, 2009.

b) Senior Notes

Senior Unsecured Notes, bearing interest at 6.82%, payable semi-annually, repayable in semi-annual installments of $16,500,000 starting in September 2004 and maturing on March 31, 2008.

c) Series 3 Notes

Senior Unsecured Notes, bearing interest at a rate of 8.08%, payable semi-annually. These Notes mature on June 1, 2001.

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

13. LONG-TERM DEBT (Continued)

d) Bank Loan Under a Revolving Credit Facility

As at December 31, 2000, the bank loan under a revolving credit facility is classified with bank indebtedness and credit facilities.

e) Other Debt

Other debt consisting of government loans, mortgage loans in a joint venture, obligations related to capitalized leases and other loans at fixed and variable interest rates ranging from interest-free to 8.25% and requiring periodic principal repayments through 2008.

The Company has complied with the maintenance of financial ratios and with other conditions that are stipulated in the covenants pertaining to the various loan agreements.

Long-term debt repayments are due as follows:

	$
2001	9,532
2002	1,242
2003	463
2004	16,922
2005	72,688
Thereafter	185,369
Total	*286,216*

Fair Value

For all debts with fixed interest rates, the fair value has been determined based on the discounted value of cash flows under the existing contracts using rates representing those which the Company could currently obtain for loans with similar terms, conditions and maturity dates. For the debts with floating interest rates, the fair value is closely equivalent to their carrying amounts.

The carrying amounts and fair values of the Company's long-term debt as at December 31, 2000 and 1999 are:

2000 Fair Value	2000 Carrying Amount	1999 Fair Value	1999 Carrying Amount
$	$	$	$
264,680	*286,216*	*333,193*	*338,094*

14. OTHER LIABILITIES

DECEMBER 31,	2000	1999
	$	$
Provision for future site rehabilitation costs	1,500	4,500
Future income tax liabilities	37,538	37,718
Other	3,000	10,208
	42,038	*52,426*

During the year ended December 31, 2000, the Company completed its review of certain provisions previously established in accounting for prior years' business acquisitions. This process included obtaining from third parties environmental, transfer pricing and employee benefit related studies. Furthermore, the Company holds letters of guarantee provided by the vendors against certain future related claims.

As a result of the above, the Company reversed against earning $5,500,000 of provisions which had been recorded in prior years.

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

15. CAPITAL STOCK AND SHARE PURCHASE WARRANTS

a) *Capital Stock – Authorized*

Unlimited number of shares without par value.

- Common shares, voting and participating
- Class "A" preferred shares, issuable in series, ranking in priority to the common shares with respect to dividends and return of capital on dissolution. The Board of Directors is authorized to fix, before issuance, the designation, rights, privileges, restrictions and conditions attached to the shares of each series.

b) *Capital Stock – Issued and Fully Paid*

The changes in the number of outstanding common shares and their aggregate stated value from January 1, 1998 to December 31, 2000 were as follows:

	2000		1999		1998	
	Number of shares	Stated value	Number of shares	Stated value	Number of shares	Stated value
	#	$	#	$	#	$
Balance, beginning of year	28,296,392	181,941	25,194,333	104,033	25,019,921	102,861
Shares issued for cash in public offering	—	—	3,000,000	76,887	—	—
Shares issued for business acquisitions	250,587	4,000	—	—	—	—
Shares purchased for cancellation	(353,200)	(2,359)	(100,000)	(675)	—	—
Shares issued for cash upon exercise of stock options	17,400	176	202,059	1,696	174,412	1,172
Balance, end of year	*28,211,179*	*183,758*	*28,296,392*	*181,941*	*25,194,333*	*104,033*

During the year ended December 31, 2000, the Corporation purchased for cancellation 353,200 common shares at an average stated value per share of $6.68 under a Normal Course Issuer Bid. The excess of the purchase price over the average stated capital of the shares has been charged to retained earnings.

For basic earnings per share calculation purposes, the weighted average number of common shares outstanding was 28,328,114 for the year ended December 31, 2000 (27,679,385 in 1999 and 25,123,812 in 1998).

c) *Share Purchase Warrants*

DECEMBER 31,	2000	1999
	$	$
300,000 share purchase warrants	3,150	3,150

The warrants, which expire on August 9, 2004, permit holders to purchase common shares of the Company at a price of $29.50 per share.

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

15. CAPITAL STOCK AND SHARE PURCHASE WARRANTS (Continued)

d) Shareholders' Protection Rights Plan

On May 21, 1998, the shareholders approved the extension to September 2003 of a Shareholders' Protection Rights Plan originally established in 1993. The effect of the Rights Plan is to require anyone who seeks to acquire 20 percent or more of the Company's voting shares to make a bid complying with specific provisions.

e) Stock Options

Under the Company's Amended Executive Stock Option Plan, options may be granted to the Company's executives and directors. Options expire no later than ten years after the date of granting. The plan provides that such options will vest and may be exercisable 25 percent per year over four years.

Options granted during the last three years were as follows:

	2000	1999	1998
	#	#	#
Number of common shares in respect of which new options were granted	**1,183,000**	14,000	744,650
Exercise price	**$8.13 to $17.19**	$27.88	$16.69 to $23.26

All options were granted at a price equal to the average closing market values on the day immediately preceding the date the options were granted.

The following table presents the situation pertaining to common shares reserved for issuance under the plan and options exercised:

	2000	1999	1998
	#	#	#
Number of common shares reserved for issuance under the plan	**2,829,739**	2,405,242	2,405,242
Number of shares remaining available for issuance under the plan	**32,703**	—	—
Number of common shares issued pursuant to the exercised stock options	**17,400**	202,059	174,412
Price range at issuance	***$4.25 to $27.28***	*$4.25 to $23.26*	*$4.25 to $20.59*

The changes in number of options outstanding were as follows:

	2000		1999	1998
	Weighted average exercise price	**Number**	Number	Number
	$	**#**	#	#
Balance, beginning of year...	**15.76**	**2,217,224**	2,406,067	1,837,329
Granted	**10.37**	**1,183,000**	14,000	744,650
Exercised	**8.23**	**(17,400)**	(202,059)	(174,412)
Cancelled...............	**16.84**	**(585,788)**	(784)	(1,500)
Balance, end of year	***12.89***	***2,797,036***	*2,217,224*	*2,406,067*

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

The following table summarizes information about options outstanding and exercisable at December 31, 2000:

	Options Outstanding			Options Exercisable	
Range of exercise prices	Number	Weighted average contractual life (in years)	Weighted average exercise price	Number	Weighted average exercise price
$	#		$	#	$
4.25 to 8.13	812,832	4.8	7.01	402,832	5.83
10.86 to 19.30	1,704,454	5.1	14.20	730,312	15.90
19.49 to 27.88	279,750	4.0	21.97	133,875	21.74
	2,797,036			*1,267,019*	

Subsequent to year-end, on January 10, 2001 the Company repriced 474,163 of unexercised stock options held by employees, other than directors and executive officers. The repriced options had exercise prices ranging from US $16.30 to US $23.26 (CDN $22.50 to CDN $32.92) and expire in 2003 and 2006. The revised exercise price was set at US $8.28 (CDN $12.40), being the average of the closing price on the Toronto and New York Stock Exchanges on January 9, 2001. All other terms and conditions of the respective options including the percentage vesting and the vesting and expiry dates remain unchanged.

16. COMMITMENTS AND CONTINGENCIES

a) Commitments

As at December 31, 2000, the Company had commitments aggregating approximately $23,626,000 to 2005 for the rental of offices, warehouse space, manufacturing equipment, automobiles and other. Minimum lease payments for the next five years are $7,377,000 in 2001, $6,754,000 in 2002, $6,249,000 in 2003, $1,920,000 in 2004 and $1,326,000 in 2005.

The Company also had commitments aggregating approximately $9,600,000 for the purchase of manufacturing equipment. Most of these costs will be incurred in 2001.

b) Contingencies

The Company is party to various claims and lawsuits which are being contested. In the opinion of Management, the outcome of such claims and lawsuits will not have a material adverse effect on the Company.

17. PENSION AND POST-RETIREMENT BENEFIT PLANS

The Company has several defined contribution plans and defined benefit plans for substantially all its employees in both Canada and the United States. These plans are generally contributory in Canada and non-contributory in the United States.

Defined Contribution Plans

In the United States, the Company maintains a savings retirement plan (401[k] Plan) for the benefit of certain employees who have been employed for at least 90 days. Contribution to these plans is at the discretion of the Company.

The Company contributes as well to a multi-employer plan for employees covered by collective bargaining agreements.

In Canada, the Company maintains a defined contribution plan for its salaried employees. The Company contributes to the plan amounts equal to 4 percent of each participant's eligible salary.

The Company has expensed $3,033,000 for these plans for the year ended December 31, 2000 ($2,937,000 and $1,367,000 for 1999 and 1998 respectively).

Defined Benefit Plans

The Company has, in the United States, two defined benefit plans (hourly and salaried). Benefits for employees are based on compensation and years of service for salaried employees and fixed benefits per month for each year of service for hourly employees.

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

17. PENSION AND POST-RETIREMENT BENEFIT PLANS (Continued)

Defined Benefit Plans (Continued)

The funding policy is consistent with the funding requirements of federal laws and regulations. Plan assets consist primarily of equity securities and fixed income investments.

In Canada, certain non-union hourly employees of the Company are covered by a plan which provides a fixed benefit of $9.95 ($10.33 and $9.15 in 1999 and 1998 respectively) per month for each year of service.

In the United States, the Company provides group health care and life insurance benefits to certain retirees.

Information relating to the various plans is as follows:

	Pension plans		Other plans	
	2000	1999	**2000**	1999
	$	$	$	$
Accrued benefit obligations				
Balance, beginning of year	**16,690**	7,423	**712**	1,002
Business acquisition	**—**	10,294	**—**	—
Current service cost	**393**	420	**9**	21
Interest cost	**1,309**	804	**53**	58
Benefits paid.................	**(686)**	(399)	**(54)**	(30)
Plan amendments	**—**	—	**—**	(109)
Actuarial losses (gains) ...	**1,203**	(1,359)	**65**	(230)
Foreign exchange rate adjustment	**(43)**	(493)	**—**	—
Balance, end of year	***18,866***	*16,690*	***785***	*712*
Plan assets				
Balance, beginning of year	**16,706**	7,145	**—**	—
Business acquisition	**—**	8,775	**—**	—
Actual return on plan assets	**(1,260)**	1,512	**—**	—
Employer Contributions ...	**2,206**	185	**—**	—
Benefits paid.................	**(686)**	(399)	**—**	—
Foreign exchange rate adjustment	**(35)**	(512)	**—**	—
Balance, end of year	***16,931***	*16,706*	***—***	*—*
Funded status deficit (surplus)	**1,935**	(16)	**785**	712
Unamortized past service costs	**(633)**	(691)	**—**	—
Unamortized net actuarial loss (gain)	**(1,772)**	2,154	**128**	206
Unamortized transition assets (obligation)	**100**	106	**(45)**	(49)
Accrued benefit liability (prepaid benefit)	***(370)***	*1,553*	***868***	*869*

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

	Pension Plans			Other Plans		
	2000	1999	1998	**2000**	1999	1998
	$	$	$	**$**	$	$
Accrued benefit expense						
Current service cost	**393**	420	642	**9**	21	27
Interest cost	**1,309**	804	1,954	**53**	58	66
Expected return on plan assets	**(1,459)**	(846)	(2,434)	**—**	—	—
Amortization of past service costs	**53**	52	49	**(14)**	(2)	(1)
Amortization of transition obligation (asset)	**(4)**	(4)	(4)	**4**	32	34
Amortization of unrecognised loss (gain)	**(21)**	7	7	**—**	—	—
Pension expense for the year	***271***	*433*	*214*	***52***	*109*	*126*

The significant assumptions which management considers to be the most likely and which were used to measure its accrued benefit obligations are as follows (weighted average assumptions, as at December 31):

	Pension Plans			Other Plans		
	2000	1999	1998	**2000**	1999	1998
Canadian plans						
Discount rate	**7.50%**	6.50%	6.75%	**—**	—	—
Expected rate of return on plan assets	**9.00%**	9.00%	9.00%	**—**	—	—

	Pension Plans			Other Plans		
	2000	1999	1998	**2000**	1999	1998
U.S. plans						
Discount rate	**7.50%**	7.50%	7.00%	**7.50%**	8.25%	—
Expected rate of return on plan assets	**8.60%**	8.60%	9.50%	**—**	—	—
Rate of compensation increase (only for one plan)	**4.00%**	4.00%	4.00%	**—**	—	—

For measurement purposes, a 5.0% annual rate of increase in the per capita cost covered health care benefits was assumed for 2000 (8.0% in 1999, 9.0% in 1998) and deemed to remain constant through 2005.

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

18. SEGMENT DISCLOSURES

The Company manufactures and sells an extensive range of specialized polyolefin plastic packaging products primarily in Canada and in the United States. All products have to be considered part of one reportable segment as they are made from similar extrusion processes and differ only in the final stages of manufacturing. A vast majority of the Company's products, while brought to market through various distribution channels, generally have similar economic characteristics.

The following table presents sales by country based on the location of the manufacturing facilities:

YEARS ENDED DECEMBER 31,	2000	1999	1998
	$	$	$
Sales			
Canada	**117,799**	107,072	94,186
United States	**581,723**	487,640	334,367
Other	**2,443**	3,333	3,390
Transfers between geographic areas	**(48,050)**	(28,098)	(53,913)
Total sales	***653,915***	*569,947*	*378,030*

The following table presents capital assets and goodwill by country based on the locations of assets:

DECEMBER 31,	2000	1999
	$	$
Capital Assets		
Canada	***51,388***	*48,016*
United States	***316,900***	*296,326*
Other	***6,465***	*7,380*
Total capital assets	***374,753***	*351,722*
Goodwill		
Canada	***17,955***	*19,053*
United States	***216,302***	*198,833*
Total goodwill	***234,257***	*217,886*

No customer accounted for 10 percent or more of revenues in 2000, 1999 and 1998.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

20. DIFFERENCES IN ACCOUNTING BETWEEN THE UNITED STATES OF AMERICA AND CANADA

a) Net Earnings and Earnings Per Share

Net earnings of the Company and earnings per share established under Canadian GAAP, conform in all material respects to the amounts that would be reported if the financial statements would have been prepared under U.S. GAAP.

b) Consolidated Statements of Earnings

Under Canadian GAAP, the changes in reporting currency effected on January 1, 1999 has been accounted for using a translation of convenience, as described in Note 2. Under U.S. GAAP, the financial statements for periods presented prior to the change in reporting currency would be translated to U.S. dollars using the current rate method, which method uses specific year-end or annual average exchange rates as appropriate. Accordingly, using the current rate method, the following amounts would have been reported for sales and cost of sales, under U.S. GAAP:

YEAR ENDED DECEMBER 31,	1998
	$
Sales	390,007
Cost of Sales	280,588

c) Consolidated Balance Sheets

Under Canadian GAAP, the financial statements are prepared using the proportionate consolidation method of accounting for joint ventures. Under U.S. GAAP, these investments would be accounted for using the equity method. Note 3 to the consolidated financial statements provides details of the impact of proportionate consolidation on the Company's consolidated financial statements for 2000, 1999 and 1998, including the impact on the consolidated balance sheets.

The other differences in presentation that would be required under U.S. GAAP to the consolidated balance sheets are not viewed as significant enough to require further disclosure.

d) ***Consolidated Cash Flows***

Canadian GAAP permits the disclosure of a subtotal of the amount of funds provided by operations before changes in non-cash working capital items to be included in the consolidated statements of cash flows. U.S. GAAP does not permit this subtotal to be presented.

e) ***Accounting for Compensation Programs***

The Company has chosen to continue to measure compensation costs related to awards of stock options using the intrinsic value based method of accounting. Under U.S. GAAP, the Company is required to make pro forma disclosures of net earnings, basic earnings per share and diluted earnings per share as if the fair value based method of accounting had been applied. The fair value of options granted in 2000, 1999 and 1998 was estimated using the Black-Scholes option-pricing model, taking into account an expected life of five years, expected volatility of 45% in 2000 (25% in 1999 and 1998) risk-free interest rates of 5.96% (5.39% in 1999, 5.27% in 1998) and maintenance of the existing dividend policy. A compensation charge is amortized over the vesting periods.

Accordingly, the Company's net earnings, basic earnings per share and diluted earnings per share for the year ended December 31, 2000 would have been reduced, on a pro forma basis, by $3,362,000, $0.12 and $0.12 ($2,499,000, $0.09 and $0.09 respectively in 1999 and $2,100,000, $0.08 and $0.08 respectively in 1998).

The weighted average fair value of options granted in 2000 was $4.42 ($8.79 in 1999 and $5.98 in 1998).

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's Amended Executive Stock Option Plan has characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in Management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

In March 2000, the Financial Accounting Standards Board issued FASB Interpretation No. 44 (FIN 44), which became effective on July 1, 2000. FIN 44 requires that the cancellation, in November 2000, of 400,000 outstanding stock options by the Company and the granting of new options with a lower exercise price (the replacement options) be considered as an indirect reduction of the exercise price of the stock options. The replacement options will be subject to variable accounting from the cancellation date of date of grant, depending on which stock options were identified as the replacement options. Under variable accounting, the Company is required to recognize compensation expense for any increase in the quoted market price of the stock above the exercise price of US $10.13 and US $14.71 (CDN $15.50 and CDN $21.94) of the replacement options. The compensation expense must be recorded until the replacement options are exercised, forfeited or expire. The impact on the Company's financial results will depend on the fluctuations in the Company's stock price and the dates of the exercise, forfeitures or cancellations of the stock options. Depending on these factors, the Company could be required to record significant compensation expense during the life of the options which expire in 2006.

As at December 31, 2000, the Company's quoted market stock price was US $7.31 (CDN $11.00) per share. There was no compensation expense recognized in the year 2000 related to the replacement options since the quoted market stock price was below the exercise prices of these options.

FIN 44 will also require that options repriced in January 2001 (see Note 15) be subject to variable accounting starting in 2001.

(In U.S. dollars; tabular amounts in thousands, except per share amounts)

20. DIFFERENCES IN ACCOUNTING BETWEEN THE UNITED STATES OF AMERICA AND CANADA (Continued)

f) Consolidated Comprehensive Income

As required under U.S. GAAP, the Company would have reported the following consolidated comprehensive income:

	2000	1999	1998
	$	$	$
Net earnings in accordance with U.S. GAAP	**33,422**	8,098	28,751
Foreign currency translation adjustments	**(2,722)**	3,458	(17,581)
Consolidated comprehensive income	*30,700*	*11,556*	*11,170*

g) New Accounting Pronouncements

The Financial Accounting Standards Board (FASB) has issued SFAS No. 133 which outlines accounting and reporting standards pertaining to derivative instruments and hedging activities. For U.S. GAAP reporting purposes, this statement should be adopted for fiscal years commencing after June 15, 2000. As the Company does not presently use derivative or hedging instruments, there is no foreseen impact for the implementation of this new recommendation.

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Stock and Share Listing
Common shares are listed on the New York Stock Exchange and the Toronto Stock Exchange, trading under the symbol ITP.

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Chief Financial Officer

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ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

The Annual and Special Meeting of Shareholders will be held on **Wednesday, June 20, 2001** at 4:00 P.M. at Loews Hotel Vogue; 1425 de la Montagne, Montreal, Quebec, Canada.

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